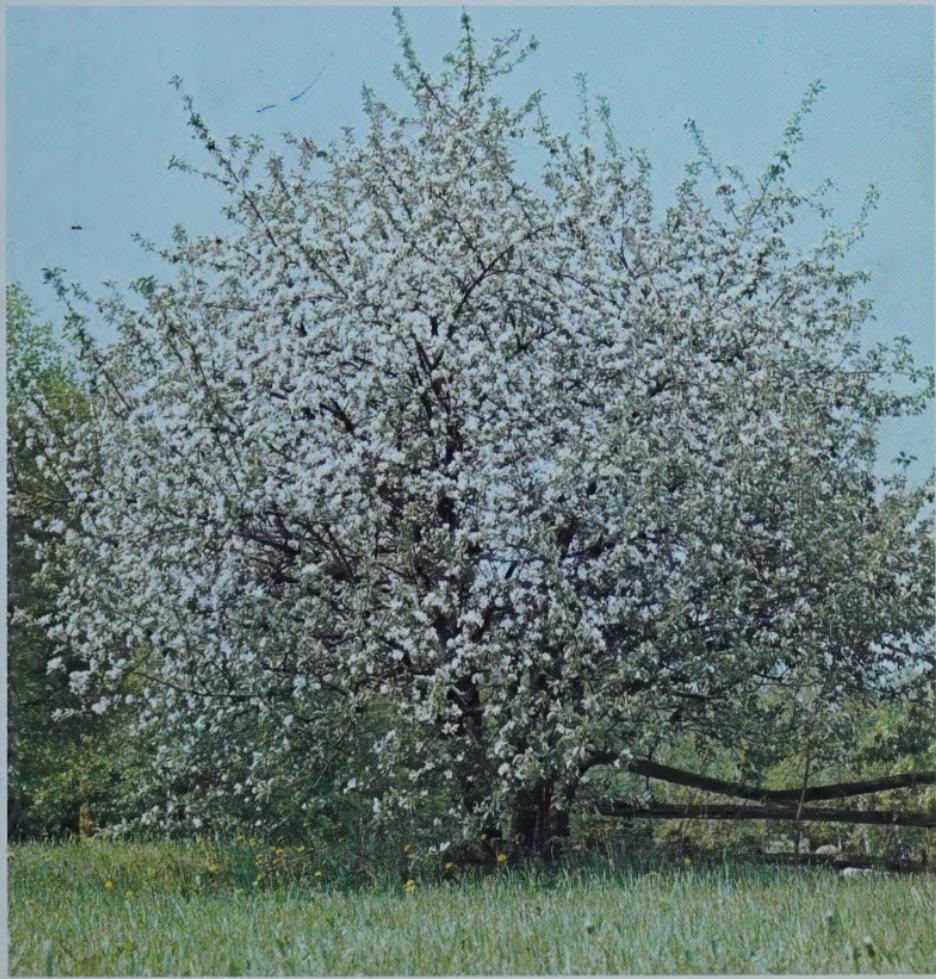


BCN Bank Canadian National

AR50

100th annual statement · 1974



*"In today's seeds are
the fruits of tomorrow."*
Chinese proverb

*"In today's seeds are
the fruits of tomorrow."*

— Chinese proverb

The future.

Now more than ever, in our centennial year,
it intrigues us.

What does the future hold? In today's world of
ever-increasing change, who dares predict the
shape of tomorrow?

How can we best forge a link between the
lessons of the past and our aspirations for the
future? Can the solutions of 1874 really be
applied to the questions of 1974?

"The future", said Paul Valéry, "is the science
of history failing to repeat itself."

Thus, while we may ponder on what has gone
by, we do not dwell on it. For it is not so much
the events and experiences of the past that are
important, but the spirit and determination that
they engender.

Capturing the spirit that has coloured BCN's
history, and harnessing it into today's idealism,
is the reason for our reflections.

To use the knowledge of experience to unlock
the doors of the unpredictable.

To sow today the fruits that we and our children
will reap tomorrow.

With this sentiment in mind, BCN looks
confidently ahead in this, its centennial year.

Notice to the Shareholders

The Annual General Meeting of Shareholders
will be held on December 12, 1974, at eleven o'clock a.m.
at the Queen Elizabeth Hotel, Montréal.

Highlights

	1974	1973
Assets	\$4,125,868,252	\$3,302,830,667
Deposits	3,824,982,327	3,059,236,855
Loans	2,772,001,807	2,199,223,716
Balance of Revenue for the year	37,017,374	34,284,399
Balance of Revenue per share	5.29	4.90
Net Profits for the year	12,988,506	12,473,399
Earnings per share	1.86	1.78
Provisions for income taxes	14,665,172	11,875,936
Provision for income taxes as above, per share	2.10	1.70
Dividends	6,860,000	6,160,000
Dividends per share	0.98	0.88
Capital (per share \$2.00)	14,000,000	14,000,000
Rest account	88,000,000	82,000,000
Rest account, per share	12.57	11.71

As at October 31, 1974, the BCN had 8,990 shareholders, 6,759 employees, and had a total of 385 branches.

2 1
 17 5
 373 ~ ~
 Ontario Manitoba

Subtotal:

385
22
 363

Board of Directors

President and Chairman

*Louis Hébert, Montréal

Executive Vice-President and Chief General Manager

*Germain Perreault, Montréal

Vice-President

*Wilbrod Bherer, Q.C., Québec

Chairman,
Canadian Vickers Ltd.

Michel Baribeau, Lévis

President and General Manager,
Industries Baribeau Inc.

J. Jacques Beauchemin, Q.C., Montréal

President,
Sullivan Mining Group Ltd.

Laurent Beaudoin, C.A., Valcourt

President and General Manager,
Bombardier Ltd.

*André Charron, Q.C., Montréal

President,
Lévesque, Beaubien Inc.

Jean Charton, Eng., Montréal

President,
Herdt & Charton (1971) Inc.

*Georges O. Clermont, Montréal

Chairman,
Clermont Motor Ltd.

*Étienne Crevier, Montréal

Chairman,
The Provident Assurance
Company

*Roger DeSerres, Montréal

President, Omer DeSerres Ltée

Marc H. Dhavernas, Montréal

President,
Banque Canadienne
Nationale (Europe)

J. Claude Hébert, Montréal

President,
Warnock Hersey
International Limited

Jacques Lagassé, LL.L., Sherbrooke

Lagassé, Lagassé &
Lagassé, Notaries

Roger Larose, Montréal

Vice-Chairman of the Board,
Ciba-Geigy Canada Limited

André Latreille, Eng., Montréal

President,
Alta Construction (1964) Limited

Charles E. Marquis, Eng., Québec

Chairman, Beaudet, Marquis

J. Robert Ouimet, Montréal

President and General
Manager,
J. René Ouimet Enterprises Ltd.
and Cordon Bleu Ltd.

Renault St. Laurent, Q.C., Québec

St. Laurent, Monast, Walters,
Gagné & Vallières, Advocates

Robert M. Schmon, Niagara-on-the-Lake

President,
The Ontario Papér Co. Ltd.

Alfred Tourigny, Q.C., Montréal

President,
National Insurance Society

*Member of the Executive Committee

Executive Officers

President and Chairman

Louis Hébert

Executive Vice-President and Chief General Manager

Germain Perreault

Vice-Presidents and General Managers

Raoul Asselin

Jean Boulanger

Pierre Castonguay

Jacques Douville

Assistant General Managers

Jean Barrett

Raymond Bussières

R. Valmore Delisle

Hubert Dunn

Clément M. Dupras

Martin Forest

Olivier Hudon

Lionel Laprade

Pascal Laquerre

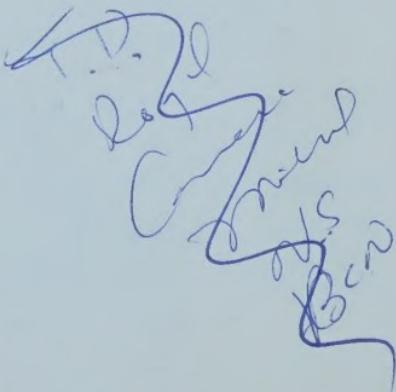
Claude Lorange

André J. Plagnol

Claude Racicot

André Tremblay

Gérard Vézina



A large, handwritten signature in blue ink, appearing to read "Germain Perreault". The signature is fluid and cursive, with some loops and variations in letter height.

Statement of revenue, expenses and undivided profits

for the financial year ended October 31

1974

1973

7.97

Revenue

From loans	\$269,911,129	\$161,030,018
From securities	53,206,630	49,631,660
Other operating revenue	26,261,406	23,538,523
Total revenue	349,379,165	234,200,201

Expenses

Interest on deposits and bank debentures	219,463,874	126,221,017
Salaries, pension contributions and other staff benefits	55,364,255	45,458,651
Property expenses, including depreciation	13,607,114	11,268,316
Other operating expenses, including provision for losses on loans based on five-year average loss experience	23,926,548	16,967,818
Total expenses	312,361,791	199,915,802
Balance of revenue	37,017,374	34,284,399
Provision for income taxes relating thereto (Note 3)	18,760,000	16,871,000
Balance of revenue after provision for income taxes	18,257,374	17,413,399
Appropriation for losses	5,268,868	4,940,000
Balance of profits for the year	12,988,506	12,473,399
Dividends	6,860,000	6,160,000
	6,128,506	6,313,399
Undivided profits at beginning of year	428,084	114,685
Transferred to rest account	6,556,590	6,428,084
Undivided profits at end of year	\$ 556,590	\$ 428,084

See Notes to the Financial Statements.

A handwritten signature "Ken Counsel" is written in blue ink over a large, sweeping blue curved line that spans across the page. The signature is cursive and appears to be "Ken Counsel".

Statement of accumulated appropriations for losses

for the financial year ended October 31

1974

1973

Accumulated appropriations at beginning of year:

General	\$ 30,220,383	\$ 26,794,394
Tax-paid	6,163,145	6,387,404
Total	<u>36,383,528</u>	<u>33,181,798</u>

Additions (deductions) during year:

Appropriation from current year's operations	5,268,868	4,940,000
Loss experience on loans less provision included in other operating expenses	(2,068,894)	(2,448,259)
Profits and losses on securities, including provisions to reduce securities other than those of Canada and a province to values not exceeding market	(8,150,300)	(3,394,579)
Other profits, losses and non-recurring items, net	(3,456,695)	(890,496)
Provision for income taxes, including credit of \$4,168,096 (1973 — \$5,060,000) related to appropriation from current year's operations (Note 3)	4,094,828	4,995,064
	<u>(4,312,193)</u>	<u>3,201,730</u>

Accumulated appropriations at end of year:

General	29,280,178	30,220,383
Tax-paid	2,791,157	6,163,145
Total	<u>\$ 32,071,335</u>	<u>\$ 36,383,528</u>

See Notes to the Financial Statements.

Statement of rest account

for the financial year ended October 31

1974

1973

Balance at beginning of year	\$ 82,000,000	\$ 76,000,000
Transferred from undivided profits	6,000,000	6,000,000
Balance at end of year	<u>\$ 88,000,000</u>	<u>\$ 82,000,000</u>

Statement of assets and liabilities

as at October 31

1974

1973

ASSETS

Cash Resources

Cash and due from banks	\$ 380,867,725	\$ 254,798,632
Cheques and other items in transit, net	<u>77,185,341</u>	54,473,176
	<u>458,053,066</u>	<u>309,271,808</u>

Securities

Issued or guaranteed by Canada, at amortized value	450,901,187	395,926,128
Issued or guaranteed by provinces, at amortized value	76,904,828	92,508,437
Other securities, not exceeding market value	218,389,086	218,362,472
	<u>746,195,101</u>	<u>706,797,037</u>

Loans

Day, call and short loans to invest- ment dealers and brokers, secured	61,990,033	81,914,752
Other loans, including mortgages, less provision for losses	2,710,011,774	2,117,308,964
	<u>2,772,001,807</u>	<u>2,199,223,716</u>
Bank premises at cost, less depreciation	31,114,441	26,293,086
Securities of and loans to a corporation controlled by the Bank	3,111,500	3,214,500
Customers' liability under acceptances, guarantees and letters of credit, as per contra	113,307,906	56,148,604
Other assets	2,084,431	1,881,916
	<u>\$4,125,868,252</u>	<u>\$3,302,830,667</u>

See Notes to the Financial Statements.

24.9

1974

1973

LIABILITIES**Deposits**

By Canada	\$ 60,835,615	\$ 87,050,845
By provinces	10,624,998	14,273,769
By banks	482,241,480	331,356,992
Personal savings payable after notice, in Canada, in Canadian currency ..	1,721,877,944	1,306,459,984
Other deposits payable on demand and after notice	1,549,402,290	1,320,095,265
	<hr/> <u>3,824,982,327</u>	<hr/> <u>3,059,236,855</u>

Acceptances, guarantees and letters of credit	113,307,906	56,148,604
Other liabilities	7,950,094	9,633,597
Accumulated appropriations for losses ..	32,071,335	36,383,528
Debentures issued and outstanding (Note 2)	45,000,000	45,000,000

Shareholders' equity**Capital Stock**

Authorized: 12,500,000 shares of \$2.00 each		
Issued: 7,000,000 shares fully paid ..	14,000,000	14,000,000
Rest account	88,000,000	82,000,000
Undivided profits	556,590	428,083
	<hr/> <u>\$4,125,868,252</u>	<hr/> <u>\$3,302,830,667</u>

LOUIS HÉBERT

President

GERMAIN PERREAUExecutive Vice-President and
Chief General Manager**Auditors' Report to the Shareholders**

We have examined the statement of assets and liabilities of Bank Canadian National as at October 31, 1974 and the statements of its revenue, expenses and undivided profits, accumulated appropriations for losses and rest account for the financial year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Bank as at October 31, 1974 and its revenue, expenses, undivided profits, accumulated appropriations for losses and its rest account for the financial year ended on that date.

Auditors

JEAN LACROIX, C.A.
of Samson, Bélair, Côté, Lacroix
et Associés

FRANK T. DENIS, C.A.
of Peat, Marwick, Mitchell & Co.

Montréal, November 21, 1974.

Compagnie Immobilière BCN Ltée

Statement of Assets and Liabilities as at October 31

	1974	1973
ASSETS		
Cash in bank	\$ 1,374	\$ 1,153
Income taxes and interest to be recovered	30,020	39,752
Real estate and rights in an emphyteutic lease, less depreciation	3,373,671	3,420,029
	\$3,405,065	\$3,460,934
LIABILITIES		
Loan from Bank Canadian National	\$1,112,000	\$1,215,000
SHAREHOLDERS' EQUITY		
Capital stock authorized and issued:		
20,000 shares of \$100 each	2,000,000	2,000,000
Undivided profits	293,065	245,934
	\$3,405,065	\$3,460,934

Notes (1) Bank Canadian National owns the entire capital stock of Compagnie Immobilière BCN Ltée, with the exception of the directors' qualifying shares. This investment is carried on the books of the Bank at \$1,999,500.

(2) The Company has been assessed for income taxes for the years 1966 to 1968 inclusively the basis of which is presently under appeal. In similar circumstances the company's appeal in respect of its 1964 assessment was upheld by a higher court.

Auditors' Report to the Shareholders of Bank Canadian National

We have examined the statement of assets and liabilities of Compagnie Immobilière BCN Ltée as at October 31, 1974. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. In our opinion, this statement presents fairly the financial position of the company as at October 31, 1974.

Auditors

JEAN LACROIX, C.A., of Samson, Béclair, Côté, Lacroix et Associés
FRANK T. DENIS, C.A., of Peat, Marwick, Mitchell & Co.

Montréal, November 21, 1974.

Bank Canadian National Notes to the Financial Statements October 31, 1974

Note 1 — The Statement of Assets and Liabilities includes the assets and liabilities of Banque Canadienne Nationale (Europe). The results of operations of this wholly-owned subsidiary, including a provision of \$2,800,000 for litigious debts, have been charged to tax-paid appropriations for losses.

Note 2 — \$20,000,000 maturing March 1, 1992 — 7 1/4% up to and including February 28, 1978, and 7 1/2% thereafter, redeemable on March 1, 1978, if the holder so elects, provided that this option is exercised between March 1, 1977, and September 1, 1977.

\$25,000,000 maturing December 15, 1987 — 7 1/2% redeemable on June 15, 1979, if the holder so elects, provided that this option is exercised between June 15, 1978, and December 15, 1978.

Note 3 — The tax provision is included in the financial statements as follows:

	1974	1973
Statement of revenue and expenses	\$18,760,000	\$16,871,000
Statement of accumulated appropriations for losses:		
Related to tax deductible appropriations	(4,168,096)	(5,060,000)
Related to taxable capital gains	73,268	64,936
	\$14,665,172	\$11,875,936

